

the RECORD the article I have referred to.

[From the Wall Street Journal, Aug. 21, 2002]
ANOTHER TELECOM FIASCO

The telecom shakeout (or meltdown) continues, with Qwest ditching assets to stay solvent, and VoiceStream pursuing a merger in wireless with Cingular. The market will sort all of this out, though it sure would help if the Federal Communications Commission stopped making things worse.

Consider the FCC's ongoing NextWave spectrum fiasco. That small wireless carrier won spectrum licenses in a 1997 FCC auction, but later defaulted on its payments. The FCC revoked the licenses and reaucted them—even as NextWave was suing to get them back. NextWave won its case, and a red-faced FCC had to tell the other carriers that had just bid \$16 billion that it had nothing to give them.

In the real business world, the FCC would have cancelled the reauction once it couldn't deliver the licenses. But rules are different in FCC-land. The agency may not have delivered any licenses, but it has nonetheless held on to the hefty deposits the second batch of carriers gave it. And, by the way, the FCC has informed those carriers that when it does finally turn over the spectrum (in 2004, optimistically, if ever), it expects them to cough up the entire \$16 billion within 10 business days.

All of this is playing havoc with an industry already in chaos. Verizon Wireless, for instance, bid \$8.7 billion for its share of the spectrum. The FCC took a deposit from the company of \$1.7 billion, and then sat on it—interest free—for 14 months. The FCC finally gave back some of the deposit earlier this year, though it still holds the bureaucratic pocket-change of \$261 million.

Verizon is also stuck with a large liability—money it can't effectively touch because of the 10-day future payment obligation. Credit agencies say they may downgrade its debt because of the \$8.7 billion overhang. Meantime, the company can't afford to run in place for years while the FCC fiddles, so it has redrawn its business strategy around the lost spectrum—which means it may not need it even if it comes free.

The FCC usually hands over licenses within three months, and for good reason: The industry changes faster than a politician's mind. Since January 2001 when the reauction ended, wireless and equipment companies have laid off tens of thousands of workers and lost \$850 billion, or 65%, in market value. (Would that the FCC shrank 65% in size.) Wireless officials estimate that if the reauction were held today, the bids would be about 40% of the original \$16 billion.

But that gets to the heart of the FCC matter: money, and creative accounting. It turns out that when NextWave bid its \$4.8 billion in 1997, the FCC booked the entire amount in the federal budget. Then, when the reauction happened in 2001, it booked that \$16 billion as well—adjusted for what it had lost from NextWave.

Chairman Michael Powell keeps promising a telecom revival, but this FCC money-grubbing doesn't help. The reauction is tying up much-needed investment capital: According to a recent study from AEI economist Gregory Sidak, the frozen \$16 billion, if released, would increase GDP between \$19 billion and \$52 billion. Consumers are also losing out, as new services such as mobile videophones are delayed.

The FCC isn't even helping itself, if it cares. Reputation counts, even in government, and the agency has important auctions to come. Carriers may discount future bids because of uncertainty of ever receiving licenses. Several big players may not be able

to bid at all, since the FCC is already sitting on their capital.

We still believe FCC auctions are the most efficient way of allocating spectrum. But their purpose is defeated when the government keeps the cash but won't deliver the goods.

RECESS

The SPEAKER pro tempore. Pursuant to clause 12 of rule I, the Chair declares the House in recess until 2 p.m.

Accordingly (at 12 o'clock and 44 minutes p.m.), the House stood in recess until 2 p.m.

□ 1400

AFTER RECESS

The recess having expired, the House was called to order by the Speaker pro tempore (Mr. DAN MILLER of Florida) at 2 p.m.

PRAYER

The Chaplain, the Reverend Daniel P. Coughlin, offered the following prayer:

Lord God of history and ever-present wisdom, ever since 1789 in New York's Federal Hall until this very day, the Government of these United States has been dedicated to the protection of the people and securing human freedom with justice and peace.

Grant guidance to the House of Representatives in their work today so that they may be fellow workers in accomplishing Your holy will in human affairs and the progress of this Nation. May this work benefit all citizens so that with them and for them an earthly city may be built reflecting the values of Your Kingdom. For You are Lord and Savior, now and forever. Amen.

THE JOURNAL

The SPEAKER pro tempore. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

PLEDGE OF ALLEGIANCE

The SPEAKER pro tempore. Will the gentleman from Maryland (Mr. CUMMINGS) come forward and lead the House in the Pledge of Allegiance.

Mr. CUMMINGS led the Pledge of Allegiance as follows:

I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

RESIGNATION FROM THE HOUSE OF REPRESENTATIVES

The Speaker pro tempore laid before the House the following resignation from the House of Representatives.

HOUSE OF REPRESENTATIVES,
Washington, DC, September 5, 2002.

Hon. J. DENNIS HASTERT,
Speaker of the House,
Washington, DC.

DEAR MR. SPEAKER: I have been nominated by President Bush and confirmed by the Senate to serve as United States Representative to the United Nations Agencies for Food and Agriculture, with the rank of Ambassador. Therefore, I have submitted my resignation as Member of the House of Representatives, effective close of business, September 9, 2002. I am forwarding to you a copy of my letter of resignation to Ohio Governor Bob Taft.

I am grateful for the opportunity to serve with the distinguished men and women of the House of Representatives for the past twenty-four years. I look forward to working with the Members of the House as I continue service to the Nation in my new position.

Sincerely,

TONY P. HALL,
Member of Congress.

COMMUNICATION FROM THE CLERK OF THE HOUSE

The SPEAKER pro tempore laid before the House the following communication from the Clerk of the House of Representatives:

OFFICE OF THE CLERK,
HOUSE OF REPRESENTATIVES,
Washington, DC, September 6, 2002.

Hon. J. DENNIS HASTERT,
The Speaker, House of Representatives,
Washington, DC.

DEAR MR. SPEAKER: Pursuant to the permission granted in Clause 2(h) of rule II of the Rules of the U.S. House of Representatives, the Clerk received the following message from the Secretary of the Senate on September 6, 2002, at 10:24 a.m.

That the Senate passed without amendment H.R. 3298.

That the Senate passed without amendment H.R. 5012.

That the Senate passed without amendment H.R. 5207.

Appointment: Land's Title Report Commission.

With best wishes, I am

Sincerely,

JEFF TRANDAH, L.,
Clerk of House.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Pursuant to clause 4 of rule I, the Speaker signed the following enrolled bill on Thursday, September 5, 2002.

H.R. 5012, to amend the John F. Kennedy Center Act to authorize the Secretary of Transportation to carry out a project for construction of a plaza adjacent to the John F. Kennedy Center for the Performing Arts, and for other purposes.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX, the Chair announces that he will postpone further proceedings today on motions to suspend the rules on which a recorded vote or the yeas and nays are ordered, or on which the vote is objected to under clause 6 of rule XX.